

minutes of a special meeting of the Board of Directors of the Wasatch Mountain Railway and Development Company, held Saturday, January 15, 1972 in Heber City, Utah at 11:00 A.M. Those board members present were: Lowe Ashton, W. E. Sweeney, Wesley R. Budd, J. R. Edwards, J. D. Boggess, Gordon Mendenhall, Leon Ritchie, R. Raymond Green. Others present were: James G. Berry, Ed McLaughlin, Dennis A. Spendlove and C. H. Neilson. Lowe Ashton acted as Chairman of the meeting.

The minutes of the October 30th meeting were approved.

The leases with the State Road Commission and the State Park Commission were both signed on Thursday, January 13th. The leases are for 25 years with a 20 year option. W. E. Sweeney made the motion that the leases be approved by the Board of Directors as they stand. The motion was seconded by Gordon Mendenhall - All approve.

Proposed lease on food facilities with Del Wallengren: After a discussion on the Dining Car and Night Club concept, and Del's negotiations to purchase dining cars to add to the regular train consist, which will increase the per capita sales by selling meals and snacks, the following motion was made by W. E. Sweeney: The lease between Del Wallengren and the railroad to include 6 items:

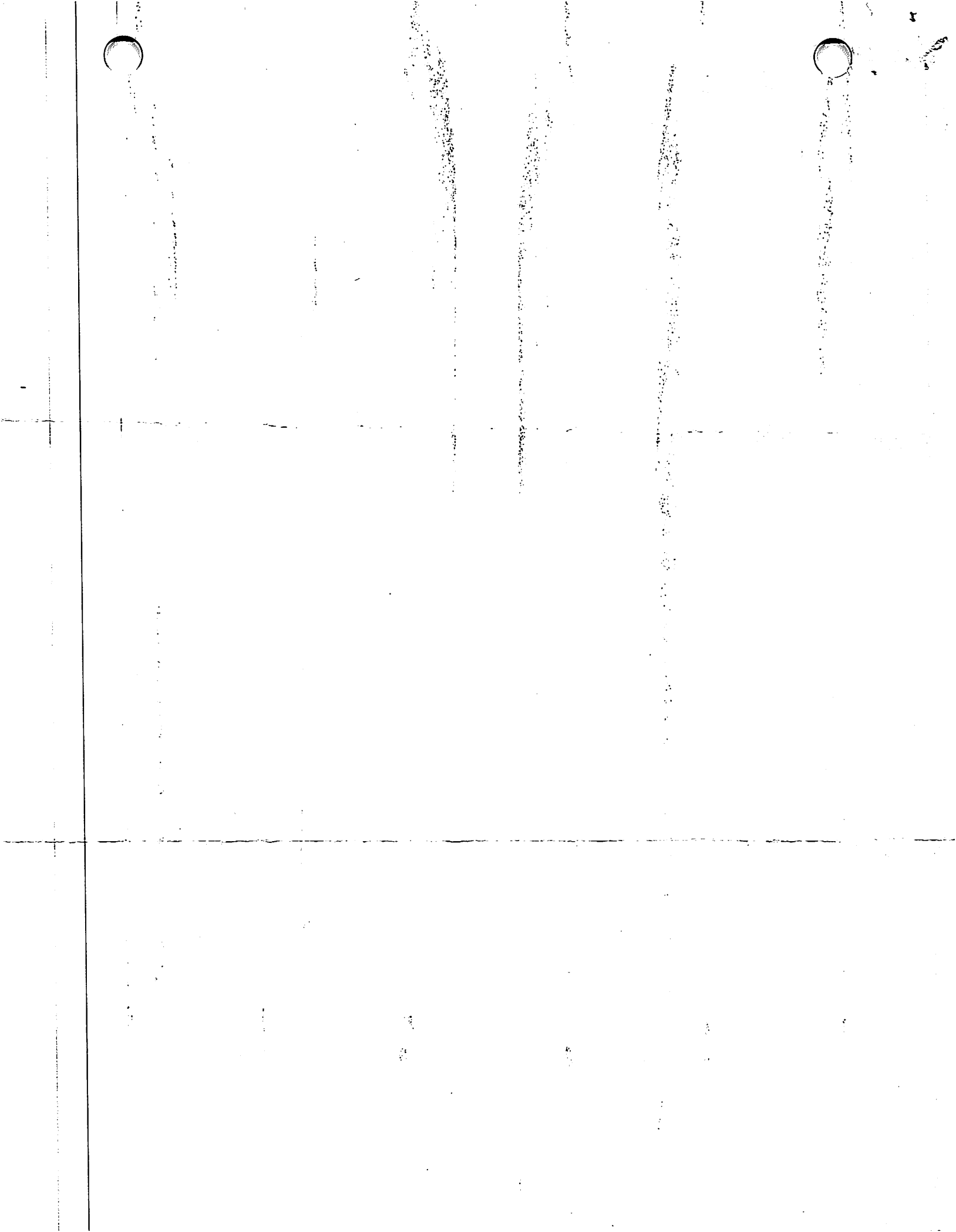
1. The dining car and night club concept will not affect our excursion runs.
2. The track is able to handle the additional traffic.
3. His operation is limited to the same operational season as the train during the first year.
4. The Company receives approval from the State Park Commission as per master lease provisions.
5. The Company's payment to the State Park Commission is based on 5% of our payment from Del, not on his total gross to us.
6. That the final contract between Del and the Company must be approved by the Board of Directors before it can be binding.

Gordon Mendenhall seconded the motion and all approved.

Our Public Service Commission Certificate of Convenience has been secured. The significance of this document is that it protects our right of way, and operation from encroachment by State and private entities.

Financial: A newsletter showing managements efforts to acquire additional financial help was attached to the agenda of the meeting to give the Directors some insight to the problems and what has been done. After a long discussion on the financial condition of the Company, Jack Boggess made the following motion: The limit established on the amount of stock a stockholder can purchase be eliminated. This was seconded by Wesley R. Budd and all approved.

Gordon Mendenhall made the following motion: That Directors holding promissory notes of the Company aggregating \$18,000.00 be permitted to exchange said notes for shares of the Company's Common Stock computed at \$1.00 per share, plus interest.



Further Resolved: That said Directors be granted options to acquire a number of shares equal to the number of those shares obtained in exchange for said notes at an exercise price equal to the Public Offering Price of the Company's Common Stock, said options to be exercisable for a period of five (5) years from the date shares of the Company's Stock may be lawfully offered for sale to the Public.

The motion was seconded by Dr. J. D. Boggess and all approve.

Dr. Jack Boggess made the following motion after a lengthy discussion:

That for a period of 60 days the shareholders of the Company be permitted to increase their aggregate investment in the Company by an amount not to exceed \$12,000 (a maximum of 12,000 at \$1.00 per share), and that each shareholder so electing to purchase additional shares be granted an option to acquire a number of shares equal to those purchased, at an exercise price equal to the Public Offering Price of the Company's Common Stock, said options to be exercisable for a period of five (5) years from the date shares can be lawfully offered for sale to the public, in the event a public offering is made, for a period of five (5) years from the date of granting at an exercise price of \$1.00 per share.

The motion was seconded by W. E. Sweeney and all approve.

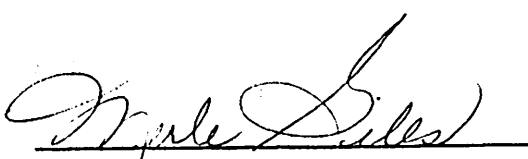
Lowe will contact all stockholders personally to see if they want to increase their stockholdings.

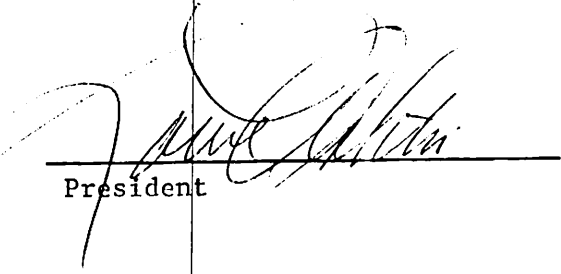
The annual meeting was the next order of business. The Articles of Incorporation and the By-Laws state that the annual meeting be held on the first Monday in February at 10:00 A.M. This is a very inconvenient day and time. W.E. Sweeney made a motion that through a proxy vote to all stockholders the annual meeting for this year be changed to the second Saturday in February, the 12th, at 12:00 noon at the home of Lowe Ashton, president. Wesley R. Budd seconded the motion and all approved.

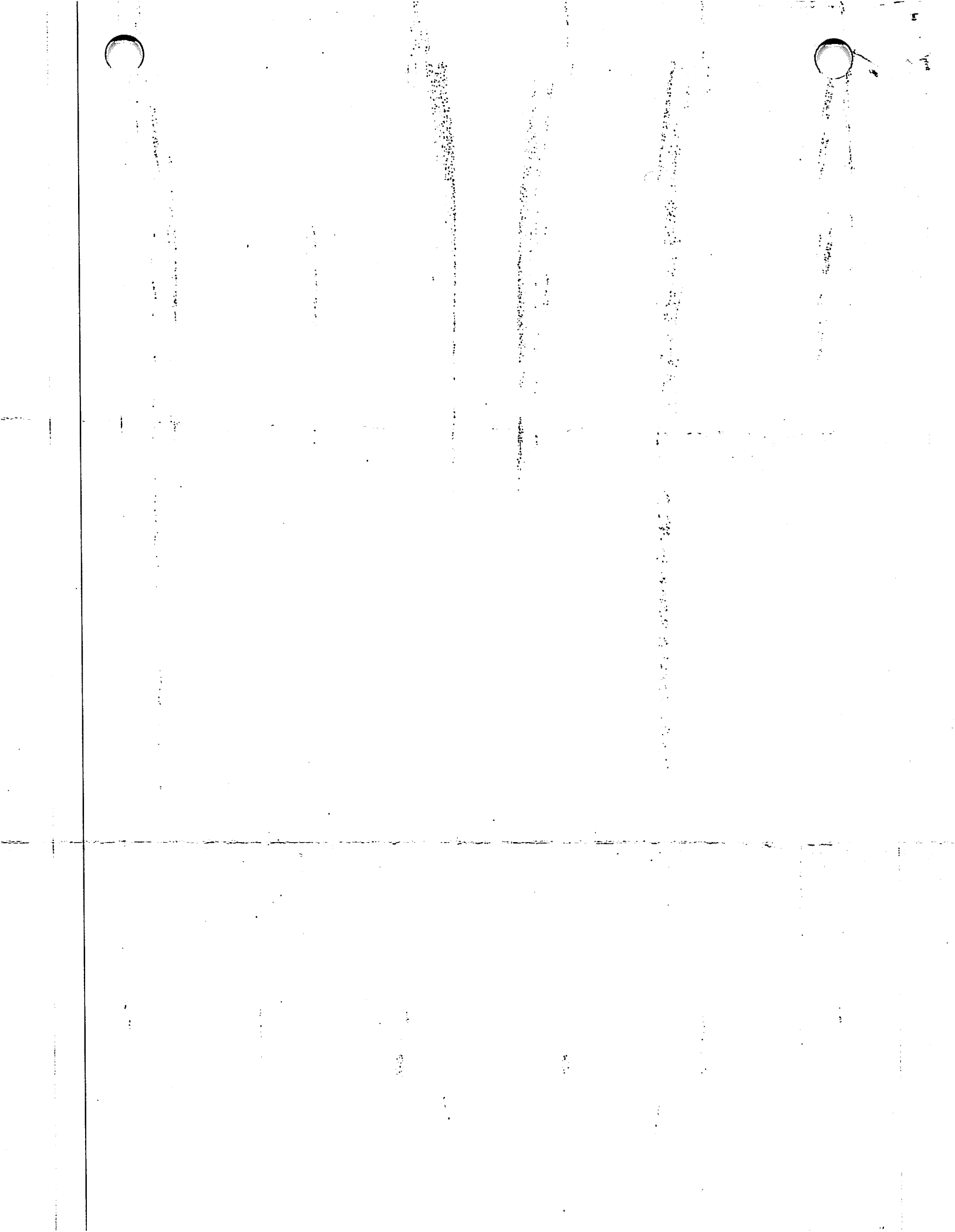
Wesley R. Budd reported on a miniature train that was for sale. It could be sent to parades, communication between town and the depot, and to entertain the people while they wait for the train. However, after discussion, it was decided to study into the matter further.

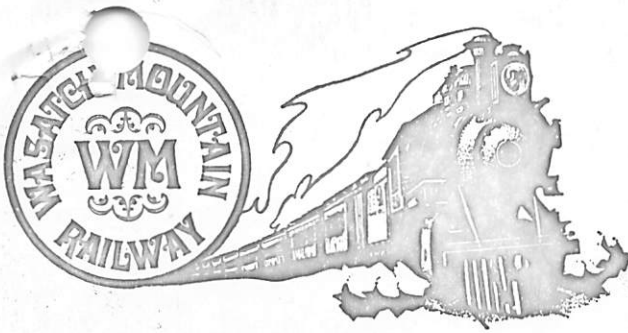
J. R. Edwards reported on the status of the engines from California which are now in Provo. As soon as the Foundation has the funds, the engines will be brought to Heber City. One of the engines is an 83 ton Shay and the other is a 2-6-2 saddle tank prairie engine.

The engine adjourned at 1:45.


Secretary


President





P.O. BOX 69, HEBER CITY, UTAH, 84032
PHONE: (801) 654-2621

January 18, 1972

TO THE SHAREHOLDERS OF
WASATCH MOUNTAIN RAILWAY
& DEVELOPMENT COMPANY:

Dear Shareholder,

This letter is written to request your approval of proposals made at a meeting of the Board of Directors of the Company held January 15, 1972.

First, we are happy to report that the leases required for the operation of the railway from Heber City to Bridal Veil Falls have finally been obtained from the Department of Parks and Recreation on what we believe are very favorable terms to the Company. However, completing the negotiation of these leases has been a major obstacle to pursuing necessary public financing, and the delay has resulted in a critical shortage of interim working capital for the Company.

Accordingly, in the Board Meeting of January 15, the nine Directors who have made loans to the Company totaling \$18,000 agreed to allow those who wish to accept Common Stock of the Company valued at \$1.00 per share in cancellation of the notes. In addition, each such Director would be granted an option to purchase a number of shares equal to those received in exchange for cancellation of the notes at an exercise price equal to the offering price of the Company's shares to the public said options to be exercisable for a period of 5 years from the dates shares can be lawfully offered for sale to the public. In the event no such offering is made, the options will be exercisable for a period of five years from the date granted at \$1.00 per share.

In order to provide a similar opportunity for each shareholder of the Company, the Board determined that all shareholders should have the opportunity to acquire to to an aggregate total of \$12,000.00 worth of the Company's Common Stock at \$1.00 per share, and that any shareholder who elected to increase his investment be granted an option to acquire a number of shares equal to the number of shares purchased under the same terms applicable to those options granted to Directors.

The shareholders of the Company may approve those recommendations without holding a meeting by executing and returning to the Company the enclosed Consent. All of the Consents must be returned before the recommendation can be implemented.

The Board of Directors recommends approval of these proposals and in fact believes that they are necessary to the solution of the Company's shortage of working capital. We will be happy to respond to any



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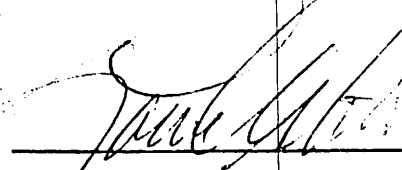
questions you may have.

As noted in the enclosed Consent, the opportunity for shareholders to increase their investment in the Company will remain open for a period of sixty (60) days from receipt of this letter. The Consent to the proposals, however, should be returned immediately in the stamped, self-addressed envelope provided for your convenience.

Also, the Board felt that the By-laws calling for the annual meeting on the first Monday in February, would place a hardship on many of the shareholders since working responsibilities and distance usually require that they be at their respective businesses on Monday. Accordingly, for this year they wish to make the meeting on Saturday, February 12, at 12:00 noon, and would appreciate your acceptance of this. At the meeting, a discussion and finalization of the best wording will be presented to the shareholders. It is suggested by counsel that the wording should be something like ".....within 120 days of the end of the fiscal year..." which allows the Board to set the meeting at the convenience of most of the stockholders as well as the ability to prepare the Company's records.

BY ORDER OF THE BOARD OF DIRECTORS

DATE: January 18, 1972



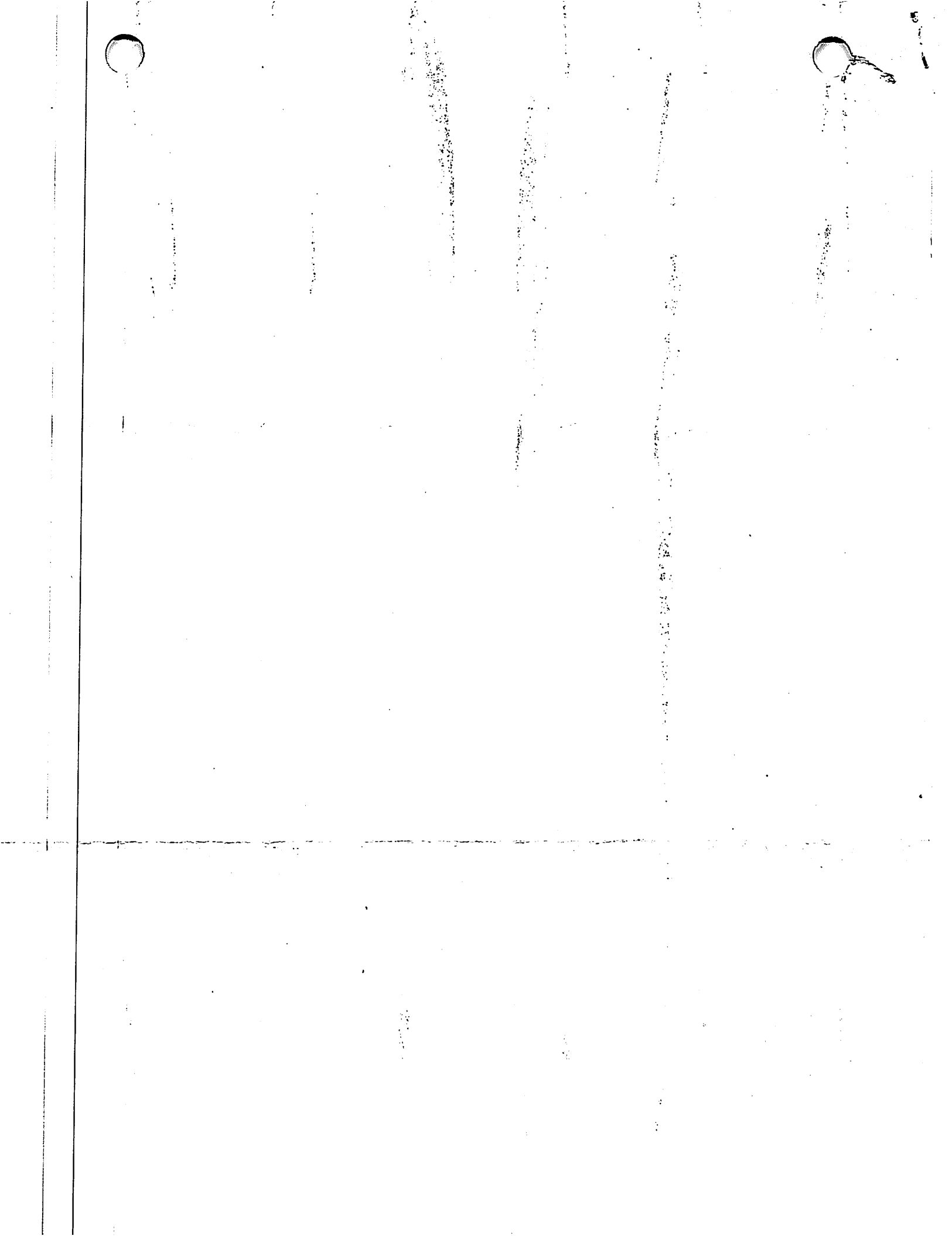
LOWE ASHTON, President

To all Directors and Officers present at
the January 15th meeting:

After consulting with Rick Brown, our attorney, he said there is some question about allowing the directors to exchange notes for common stock, and that we should have stockholder consent, so I told him to draft the proper language.

Remember, as stockholders, you all must sign allowing the Board to make such decisions, please note that all consents must be returned before the recommendation can be implemented.

Those of you who wish to exercise this option should do so immediately. Please contact Lowe, over \$6,8000.00 has been paid or pledged to date.





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Jan 72

NOTICE OF ANNUAL MEETING

PLEASE TAKE NOTICE that the Annual Meeting of the Stockholders of the WASATCH MOUNTAIN RAILWAY AND DEVELOPMENT COMPANY, INC. will be held on the Twelfth day of February 1972, at 12:00 o'clock noon at the residence of Lowe Ashton, 87 North 300 East City of Heber and State of Utah for the following purposes:

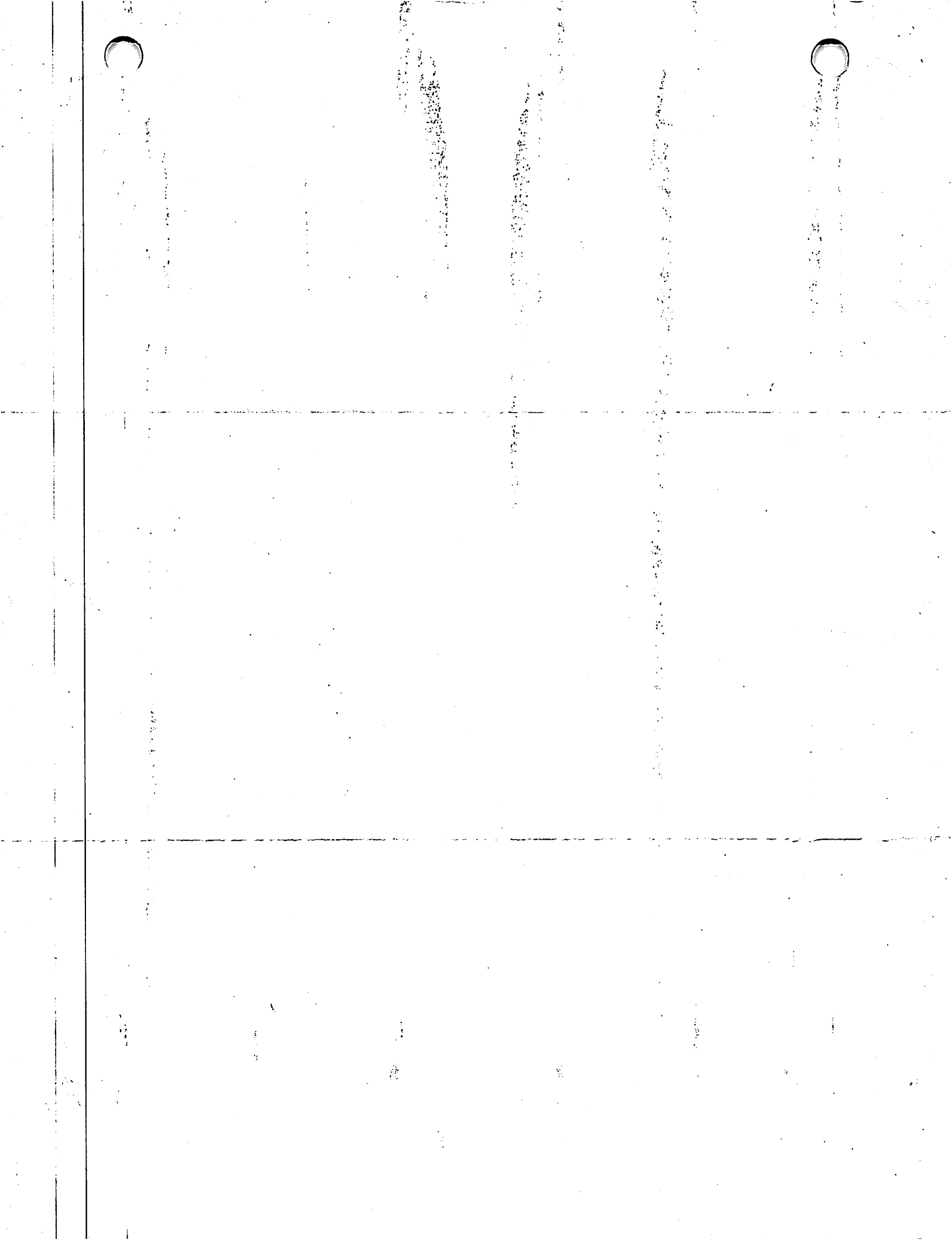
1. To elect nine (9) directors to serve for one year or until their successors shall be elected and shall qualify.
2. To consider an amendment to the Articles of Incorporation increasing the number of authorized shares from 550,000 to 1,100,000 and decreasing the par value from \$1.00 per share to \$.10 per share.
3. To consider an offering of the Company's common stock to the public under the Securities Act of 1933 as amended.
4. To consider such other business as may properly come before the meeting.

SECRETARY

THE IRON HORSE TRAIL THROUGH THE ALPS OF UTAH

*Robert, if you go
Snow making, would
appreciate your proxy.*

*2-3-72
Signed
5200
Shares
for
proxy
to Lowe*



WORK SHCEDULE FOR HEBER CREEPER CREWS ANDPRIORITY LISTS:

Priority "A" means the work must be done prior to Saturday, May 19th

Priority " B" means the work may be postponed until after 19th

" " C" Means we would like to have it for opening but not necessary

Annie and Mary Cars: Priority Days Responsibility

1. Prepare Floors, both cars, Floorstone Sand off, generally prepare for Paint A Wensday and Thurs Tressa & Girls
2. Fix Mop Boards: First Red Car is a A WEns. Thurs. & Fri Bob & Help
3. Fix Mop Boards, 2nd red car is a C Wensday and Thur & Fri Bob and boys
4. Tape Window Sills on both red cars for less to spray A Thursday afternoon Tressa & Girls
- 5 Paint Roofs A Wensday Keith & Jan
6. Paint Floors A Saturday (friday hopefully) Les Cluff
7. Paint Exterior B Les Cluff
8. Clean upholstery A Anytime before 19th Tressa & Grils
9. Clean up and touch up paint and make ready: A. " " " Tressa & Girls

OPEN AIR CARS:

1. Sand Sills and Prepare for Painting A Wensday Tressa & Girls
2. Pait all chairs and walls of roofed carsA Thursday Les Cluff
3. Red Trip around top line and all poles' A Thursday or Friday Tressa and Girls
4. Weld Support Brackets on roofed cars A Ray Morentson (Ed get)
5. Prepare Exterior for Paint B Boys
6. Paint Exterior Yellow B Boys

Combine:

1. Paint Roof A Thursday Jan Kieth
2. Help Ed with Sand Blasting A Saturday Jan

Prime bare spots: Red lead where we paint last coats red , Yellow oxide on where we paint last coats Yellow

- A Saturday Jan-Keith
4. Paint Exterior, Yellow A Les Sunday or Mon Les Cluff
5. Paint Exterior Red B Les Cluff

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BOARD OF DIRECTORS MEETING
January 15, 1972

AGENDA

I. Old Business

- ✓ 1. Approval of Minutes of October 30th meeting (mailed to all Directors on November 3rd)
- ✓ 2. Lease with State Park on right of way *to Run 25 + 20 yrs 2700/yr
to falls " " 4850 = 6%*
3. Financial
 - ✓ A. Newsletter showing Managements efforts
 - ✓ B. Explanation of pre-prospectus booklet
 - ✓ C. Approval of Management proposal for short term and long term financing
4. ✓ Annual Meeting
 - ✓ A. ~~Day~~ *2nd Sat*
 - ✓ B. Proxy
 - ✓ C. Slate of new officers and directors

II. New Business

- ✓ 1. Lease with Del Wallengren on Dining & Night Club Concept
 - A. Requirements of our right of lease on this type of negotiation
- ✓ 2. Wes Budd's miniature train
- ✓ 3. Public Service Commission Certificate
4. Report on status of engines from California
5. Other, as Directors wish to bring up

*What does
lease do to
land sublease
adjacent to*

*-3 from Stockton
87 tons dry 2-620 saddle tank*

NEWSLETTER ON EFFORTS OF MANAGEMENT TO GET LONG TERM AND SHORT TERM FINANCING

During the month of December, we met with Equidyne, and on Tuesday, Jan. 4th we approached S.B.A. and E.D.A. and Prince Covey and submitted our pre-prospectus information, tailored to a loan request (emphasis on Benefits to the Community). The E.D.A. office has in turn submitted our information to the Regional Office in Denver. S.B.A. has expressed interest and has promised a reply within a week or two. We discussed the feasibility of acquiring a loan from S.B.A. and going public at the same time. S.B.A. liked this approach, said it would enhance our ability to get a loan. Our attorney says that in all likelihood, a portion of our public subscription would have to be earmarked to pay a portion of the S.B.A. loan. 502 = SBA

E.D.A. LOAN Advantages: Potential long term (15 years to 20 years)

Low interest rate (as low as 5%)

Disadvantages: No funds until after July 1972, then even if approved, we must stand in line. Approval takes up to six months, funds take as long as a year.

To Qualify: must provide new jobs, preferably on a year around basis. Also, E.D.A. funds can only be for 65% of the total for a loan. However, the value of the States contribution can be considered. Also an appraisal of the Steam Engines and Cars can be considered as a portion of the Company's share, so the loan could be very big. There may be other considerations, this came from the first meeting.

S.B.A. LOAN Advantages: Usually available more quickly.

Procedures really are not too bad, Lowe has had three S.B.A. loans, and know most of them fairly well. Gordon Mendenhall has also done a lot of S.B.A. work. Most of the preparatory work for public issue is also same for S.B.A. applications and is done.

Disadvantages: Probably will only go on bank interest which is very high. There might be some lower interest rates in their 502 program. Requires bank participation of at least 10%. Time is relatively short, 10 years or less. In extreme cases (buildings) they may go 15 years. Equipment is a

maximum of six years. The title to all assets must be given to S.B.A. so the attitude to our lease on the right of way is yet unknown.

Equidyne Investment Company: Approached through our friend Harvey Murdock. Boss is man by name of Mike McBride (Dr. Boggess knows him personally and has for years), expressed a great deal of interest, but said their firm had all the underwriting they could handle, and it would be about a year before they could help us.

Prince-Covey Investment Company: Approached through Jack Ashton, Stew Ashton's son. Meeting with Al Covey, one of the two principals. Mr. Covey came to Heber on Wednesday, January 5th, spend all afternoon going over the project. He also expressed a great deal of interest. Jack has promised to keep the heat on, and is also exploring the possibility that the Hogle family may have interests in the project.

Zions Bank: Gordon and Lowe have submitted repeated requests to Zions for short term financing, using our property as security. This was done in writing as well as several verbal meetings. Zions has turned us down flat, absolutely not interested.

First Security Bank: Lowe has made a similar approach to Byron Cheever for short term funds using property as security. The response has not been too good, however we have not been turned down. The interest in S.B.A. loan participation however, has been very good from First Security. Frankly, the interest rate is very high.

PROPOSAL FOR NEW PLAN

That the Company submit a proposal to S.B.A. for a smaller loan, and explore the possibility of going public, agreeing to use a portion of the public funds to reduce the loan amount. Ask for a \$165,000.00 ten year loan, paying back \$65,000.00 with public funds when available: Loan funds would be spent as follows -

- | | |
|--|-------------|
| 1. Track work this year and spring (no turntable) | \$65,000.00 |
| 2. Cover existing shortages and finance payroll to spring. | \$20,000.00 |
| 3. Inventory of goods and equipment to sell merchandise in station | 7,000.00 |

4. Dome Lounge Car	\$10,000.00
5. Two Dining Cars	\$10,000.00
6. Four Suburban Cars	\$ 9,000.00
7. Moving and restoring of above	\$ 8,000.00
8. Cash for working capital	\$20,000.00
9. Restore and rebuild existing equipment	\$10,000.00
10. Contingency Factor	\$ 6,000.00

\$165,000.00

Since \$65,000.00 of the above funds would be on the track that we could not give title to S.B.A. then we would guarantee to take that much of our funds from the public issue and reduce our long term indebtedness to \$100,000.00

Acquire Public Issue around Winter of 197 -73: Net approximately \$410,000.00, pay off \$65,000.00, get \$345,000.00, spend in the following manner:

1. Track: \$75,000.00, (including turntable in Canyon, sidings on new property acquisitions, work in station yard.

2. Equipment: \$35,000.00. primarily Diesel Locomotive, additional diner cars, some baggage cars and flat cars, additional box cars for open air cars.

3. Additional Cash: \$40,000.00

4. Terminals: \$110,000.00, including engine house, parking lots, southern terminal facilities either at Bridal Veil Falls or Vivian Park. This is the most elusive area.

5. Land: \$70,000.00, first pieces, the property to the north of the station, including ready mix plant if possible. Other pieces to control business opportunities.

6. Contingency: \$15,000.00

The above investments would allow us to enter into the condominium concept around 1974. The Hogles (Rex Firths relatives, owners of Garfield Western) are very interested in the condominium concept, agree that our mobile concept is better than their static concept in Park City. There is more interest from the underwriters when I talk condominium and land acquisition than any other subject.

If we find from our 1972-73 operations that the financial projections we have developed are correct, and our cash flow is more than adequate to finance the above factors, particularly track repair and expansion, then the Company would use more of the public funds to reduce the Company debt. This of course would depend on the interest rate, and national inflation.



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